

510 - INSURANCE CLAIMS AND RESERVES FUND

BUDGET OVERVIEW

(\$ In Millions)					
	2005-2006 Budget	2007-2008 Preliminary Budget	2007-2008 Council Adopted Budget	Difference between Preliminary and Council Adopted Budget	% change
Total Budget	\$2.5	\$2.8	\$2.8	\$0.0	0.0%

Note: May be slightly off due to rounding.

COUNCIL'S FINAL CHANGES

Council adopted the Insurance Claims and Reserves Fund budget as proposed.

COST DRIVERS

Salaries and Benefits

- Market and merit increases of 4.5% in 2007 and 2008. NOTE: Should not be construed as City's negotiating position.
- Medical premium increases of 13% per year.
- PERS rate increases of 132% between 2006 and 2008, as approved by the State Legislature.

Professional Services

- Slight decrease in the budget for insurance premiums to more closely approximate actuals.

Interfund Transfers

- New interfund transfer to the Information Technology fund to pay for this fund's portion of technology services.
- New interfund transfer to the Fleet Maintenance fund to pay for the costs of the fleet vehicle assigned to the Risk Management division.

SYNOPSIS OF PROPOSED PROGRAMS INCLUDED IN THE PRELIMINARY BUDGET

N/A

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WHAT DO WE DO?		WHY DO WE DO IT?	HOW MUCH DOES IT COST?		IS IT LEGALLY MANDATED, CORE, OR VALUE ADDED SERVICE?
			2005-2006	2007-2008	
RISK MANAGEMENT			\$2,118,597	\$2,162,464	
Administers the city’s safety and loss control program.	This program directly reduces employee injuries and occupational disease exposures through the operation of citywide safety committees, safety training and safety programs such as drug and alcohol testing and hearing conservation.				Legally mandated by federal and state regulations
Administers the city’s insurance program.	To protect the city from risk exposures to losses, claims and suits. The purpose of this program is to self-insure predictable losses and purchase excess insurance to protect city financial resources against adverse loss.				Core service
Administers the city’s claims and suits.	This program fosters accident reporting, investigation and adjustment of claims made against the city as well as physical damage to city property and recovery for city property damaged by others. It includes city representation at legal mediations.				Core services
Administers or supports the other Risk Management program components such as contract review, the city’s Wellness program, the city’s health insurance program and technical advice to city departments.	These activities and administrative costs support legally mandated training, contract formation, collectively bargained benefits and core value cost controlling and reducing measures (Wellness).				Legally mandated
Ending Fund Balance			\$339,205	\$645,758	
TOTAL RISK MANAGEMENT INSURANCE FUND			\$2,457,802	\$2,808,222	

510 - INSURANCE CLAIMS AND RESERVES FUND**REVENUE SUMMARY BY OBJECT**

INSURANCE CLAIMS AND RESERVES	2005-2006 Budget	2007-2008 Budget	Budget to Budget Difference	2-year % change	1-year % change
Beginning Fund Balance	\$306,478	\$660,001	\$353,523	115.4%	57.7%
Payment from Other City Funds	\$2,149,324	\$2,146,221	(\$3,103)	-0.1%	-0.1%
Investment Interest	\$2,000	\$2,000	\$0	0.0%	0.0%
Grand Total	\$2,457,802	\$2,808,222	\$350,420	14.3%	7.1%

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EXPENDITURE SUMMARY BY OBJECT

INSURANCE CLAIMS AND RESERVES	2005-2006 Budget	2007-2008 Budget	Budget to Budget Difference	2-year % change	1-year % change
Salaries					
Salaries and Wages	\$410,394	\$452,008	\$41,614	10.1%	5.1%
Salaries Total	\$410,394	\$452,008	\$41,614	10.1%	5.1%
Benefits					
MEBT	\$30,171	\$32,282	\$2,111	7.0%	3.5%
PERS	\$5,757	\$30,104	\$24,347	422.9%	211.5%
Benefits - Medical Premiums	\$56,775	\$74,293	\$17,518	30.9%	15.4%
Benefits - Worker's Compensation	\$1,638	\$2,252	\$614	37.5%	18.7%
Other Benefits	\$791	\$828	\$37	4.7%	2.3%
Benefits Total	\$95,132	\$139,759	\$44,627	46.9%	23.5%
Supplies					
Small Tools/Equip/Hardw/Softw	\$1,800	\$1,869	\$69	3.8%	1.9%
Office and Other Supplies	\$2,800	\$2,909	\$109	3.9%	1.9%
Supplies Total	\$4,600	\$4,778	\$178	3.9%	1.9%
Professional Services					
Professional Services	\$77,400	\$48,076	(\$29,324)	-37.9%	-18.9%
Legal Services	\$5,000	\$5,195	\$195	3.9%	2.0%
Communications	\$2,500	\$2,597	\$97	3.9%	1.9%
Travel	\$3,020	\$3,137	\$117	3.9%	1.9%
Repairs - Outside	\$700	\$727	\$27	3.9%	1.9%
Other Services and Charges	\$19,853	\$20,863	\$1,010	5.1%	2.5%
Insurance Premiums	\$1,149,998	\$1,098,849	(\$51,149)	-4.4%	-2.2%
Insurance Claims	\$350,000	\$350,000	\$0	0.0%	0.0%
Professional Services Total	\$1,608,471	\$1,529,444	(\$79,027)	-4.9%	-2.5%
Interfund Transfers					
Interfund - Info Technology	\$0	\$27,803	\$27,803	n/a	n/a
Interfund - Fleet	\$0	\$8,672	\$8,672	n/a	n/a
Interfund Transfers Total	\$0	\$36,475	\$36,475	n/a	n/a
Ending Fund Balance					
Ending Fund Balance	\$322,734	\$632,198	\$309,464	95.9%	47.9%
Salary and Benefit Contingency	\$16,471	\$13,560	(\$2,911)	-17.7%	-8.8%
Ending Fund Balance Total	\$339,205	\$645,758	\$306,553	90.4%	45.2%
Grand Total	\$2,457,802	\$2,808,222	\$350,420	14.3%	7.1%